

**FISCAL MEMORANDUM
HB 315 – SB 720**

May 3, 2007

SUMMARY OF AMENDMENT (007856): Requires a health insurance entity to notify a health care provider of such entity's intent to contract with the provider within 90 days after the receipt of the completed Council on Affordable Quality Healthcare (CAQH) credentialing application.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Not Significant

Potential Impact on Health Insurance premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will increase premiums because health insurance plans will have to pay providers in-network rates even if the health insurance entity is not a participating organization of the Council on Affordable Quality Healthcare (CAQH). Such is estimated to exceed \$100,000.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Potential Impact on Health Insurance premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will not have a significant increase in health insurance premiums.

Assumptions applied to amendment:

- Currently, the Bureau of TennCare requires, by contract, MCOs be accredited with the National Council for Quality Assurance (NCQA). NCQA standards prohibit payment to providers who are not credentialed. According to the Bureau of TennCare, the bill as amended will not violate NCQA standards or TennCare MCO contracts.
- State and local government health plan options pay out-of-network benefits based on the maximum allowable charge (MAC) and would have no effect on claims cost.
- The Department of Commerce and Insurance currently monitors timely filing provisions and reimbursements for commercial and TennCare health insurance claims. Any increase could be absorbed within existing resources.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

<BillComp>

/kml

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director